

IN THE UNITED STATES DISTRICT COURT

DISTRICT OF UTAH

CENTRAL DIVISION

UNITED STATES OF AMERICA,)

Plaintiff,)

vs.) Case No. 2:16-CR-631-DAK

AARON MICHAEL SHAMO,)

Defendant.)

)

BEFORE THE HONORABLE DALE A. KIMBALL

August 12, 2019

Jury Trial

Opening Statements

REPORTED BY: Patti Walker, CSR, RPR, CP 801-364-5440

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1 SALT LAKE CITY, UTAH; MONDAY, AUGUST 12, 2019; 8:30 A.M.

2 (Proceedings not transcribed)

3 THE COURT: The government may proceed with its
4 opening statement.

5 MR. GADD: Thank you, Your Honor.

6 Death, drugs, and money, that's why we're here.
7 That man right there, Mr. Aaron Michael Shamo, founded and
8 led an organization dedicated to the distribution of drugs.
9 Mr. Shamo and his employees, they made their own drugs.
10 They pressed together drugs, specifically drugs that were
11 almost identical to Oxycodone. Oxycodone is a painkiller.
12 But Mr. Shamo's fake Oxycodone contained Fentanyl. Fentanyl
13 is a powerful synthetic opioid. Mr. Shamo sold his Fentanyl
14 pills online. In 2016, he sold hundreds of thousands of
15 Fentanyl pills. He made millions of dollars. And
16 Mr. Shamo's Fentanyl killed a man. That's why we're here.

17 In the short time I have with you this morning, I
18 want to first review the time line of this case. And then
19 once we've done that, I want to talk to you about the
20 evidence that you're going to hear over the next four weeks
21 as it relates to these other topics you see on the screen.
22 If at any point you don't see something on the screen, if
23 you'll just raise your hand. That's true now or for any
24 time at trial.

25 In the beginning, Mr. Shamo started selling drugs

1 with a roommate, a friend of his, Drew Crandall. That's who
2 you see pictured there. Mr. Crandall was a junior partner,
3 a one-third partner, meaning Mr. Crandall got one-third of
4 the profits, Mr. Shamo got two. And they divided up their
5 roles. Mr. Shamo was in charge of listing the drugs for
6 sale online. He was in charge of customer service. He was
7 in charge of order processing. He made the decision on what
8 drugs they were going to sell and acquiring those drugs so
9 that they could sell them. And, lastly, Mr. Shamo accepted
10 payment for the drugs.

11 The payment for drugs bought online comes in the
12 form of cryptocurrency, and you're going to hear about one
13 particularly in this case. That's Bitcoin.

14 His partner, his friend, Drew Crandall, was in
15 charge of packaging the drugs and then shipping those drugs,
16 once they had a customer who made a purchase. And then
17 towards the end of his hands-on involvement, Mr. Crandall
18 worked with Mr. Shamo to develop a process and a recipe for
19 pressing pills. Specifically they made counterfeit Xanax
20 that looked almost identical to the ones you see pictured
21 there.

22 But in 2015, Mr. Crandall got spooked. Two things
23 happened. The first is his girlfriend lost her job because
24 of her association with Mr. Shamo and Mr. Crandall. And
25 then, second, Mr. Shamo ordered some drugs delivered to

1 their address in the name of a roommate. Those drugs got
2 caught in the mail. The roommate was questioned by law
3 enforcement. And that was enough for Mr. Crandall and he
4 said I'm out. So he made plans with his girlfriend to leave
5 the United States.

6 Mr. Shamo agreed to buy him out. They negotiated
7 a price. Settled on 30,000. And then over the next months,
8 Mr. Shamo worked to find replacements for his one-time
9 partner. Together, they hired and trained these two women,
10 Alex Tonge and Katie Bustin, to take over packaging the
11 drugs and then shipping the drugs.

12 Later, in November of 2015, shortly before
13 Mr. Crandall was going to fly overseas, Mr. Shamo hired his
14 very close friend, Luke Paz, to take over pressing the
15 pills.

16 In that same month, November 2015, Mr. Shamo went
17 to a new website where you can buy drugs online. The
18 website is called AlphaBay. Mr. Shamo created an account on
19 AlphaBay so that he could be a seller. He named his
20 account, his storefront Pharma-Master. Much of the evidence
21 you're going to hear over the next four weeks will come from
22 Mr. Shamo's drug sales as Pharma-Master.

23 Working together, Mr. Shamo, and his new employee,
24 Mr. Paz, developed a process and a recipe to create those
25 fake Oxycodone pills I mentioned, the ones that contained

1 Fentanyl. They're fakes. Looked almost identical to the
2 real thing, like you see pictured here. Mr. Shamo sold
3 those Fentanyl pills on AlphaBay.

4 AlphaBay kept records. So agents and analysts
5 went back, captured as much of the records as they could,
6 and then they put it in a table here for you. What you're
7 looking at, if you look on the left column, that's the date.
8 So this first page you're looking at here, this is his sales
9 in January 2016. The next column over, you can see a first
10 and last initial for the user name of the purchaser. Then
11 you can see what price they paid. Each row, of course, is
12 its own sale. Then there's a column for dose. That was as
13 it was supplied online by Mr. Shamo. The quantity of pills
14 that they purchased. Lastly, under the column that says
15 sold as, this was the name Mr. Shamo gave the drugs that he
16 was selling. So as you look down that far right column, you
17 can see in January of 2016, most of Mr. Shamo's drug sales
18 were his counterfeit Xanax.

19 By the end, in November of 2016, if you look in
20 that same right column, most of his drug sales were his
21 Fentanyl pills, and he had three different names under which
22 he would sell his Fentanyl pills. So if you're in the far
23 right column and you look down at the bottom, second one up,
24 you can see there it says Fentanyl, Roxy-Oxycodone. So
25 sometimes right in the listing he would tell his would-be

1 customers that his product contained Fentanyl. And then
2 that next word, Roxy, that's a street name for a particular
3 type of Oxycodone.

4 Other times he would list his drugs, but he
5 wouldn't include Fentanyl in the title. So if you look one
6 row up, you can see it says Roxy-Oxycodone.

7 Then the third way he would list his Fentanyl
8 pills, if you go up six, seven rows, you see M Box 30.
9 That's another street name for a type of Oxycodone pill, and
10 it gets its name for how the pill is stamped when it's
11 pressed together by the pharmaceutical company. He sold
12 this Fentanyl in those three ways.

13 As he and Mr. Paz worked on their process and
14 their recipe and perfected their fakes, his sales
15 skyrocketed. By the end, you can notice in the quantity
16 column, he's no longer selling one, ten, 100 pills
17 exclusively. He has large orders. You can see in the
18 middle of the page there, there's a single order for 10,000
19 pills. The row right above that, that's the same purchaser.
20 That purchaser on one day purchased 12,000 of the M Box 30s,
21 Mr. Shamo's Fentanyl pills.

22 Mr. Shamo, of course, couldn't do this alone. He
23 had the help that I've mentioned before. He had these folks
24 working for him. But in the spring of 2016, he hired
25 additional help. He hired this man, a close friend, someone

1 he could trust, Mario Noble, a former coworker of his, and
2 he hired Mr. Noble to do online customer support, and then
3 to also help with order processing when Mr. Shamo was away.

4 Mr. Shamo solicited his old friend, Drew Crandall,
5 who was living overseas, and brought him on board in the
6 summer of 2016 to also help with customer support as their
7 sales continued to take off.

8 In the summer, two women, Ms. Tonge and
9 Ms. Bustin, they started to get burned out. They would have
10 to not only package the pills but put the postage label on,
11 address the packages, and then they were taking it to blue
12 collection boxes, the post office boxes that they put around
13 the community. So Mr. Shamo hired this man, another trusted
14 associate of his, Sean Gygi, to take over that last part of
15 Ms. Tonge's and Ms. Bustin's role.

16 So most nights of the week, Mr. Gygi would show up
17 at a doorstep in Daybreak, and he would pick up packages and
18 envelopes, and then take those himself to the blue
19 collection boxes and drop them off.

20 You're going to hear from the people that you see
21 pictured there, starting with Mr. Paz, and then the bottom
22 row. Mr. Shamo's organization was bigger even than this.

23 We've talked about most of the people in the
24 middle row here. Let's take just a minute and talk about
25 the two people on the left. So you see Gabby Noriega on the

1 far left. Mr. Shamo hired her to be the functional
2 equivalent of his executive assistant. She would run
3 errands, pick up groceries, grab Cafe Rio. But she was also
4 asked to do things like buy postage, \$6,000 worth of postage
5 at a time, so that you could make sure that Ms. Tonge and
6 Ms. Bustin always had enough postage to keep the process
7 running.

8 Next to her, Mr. Kenny, Chris Kenny. Mr. Shamo,
9 most of his customers were online, but he did have a local
10 customer, Mr. Kenny, and it was through Mr. Kenny that he
11 got feedback early on about his fake pills. So Mr. Kenny
12 would, for example, tell him how the pills worked in
13 relation to a legitimate Oxycodone pill.

14 Then on the bottom row, far left, Miles Penrose.
15 Early on, Mr. Shamo and Mr. Crandall, they were cash poor,
16 and their friend Miles Penrose, who at the time owned part
17 of a used truck dealership, he invested \$10,000 in their
18 drug distribution activities. Over a period of months, they
19 paid him back \$30,000. Mr. Penrose will also come up in
20 this trial because he helped them launder some of their drug
21 money, including selling Mr. Shamo his truck.

22 Then bottom row, far right, with the dyed red hair
23 is Alex Tebbs. She had a role very similar to Ms. Noriega,
24 but for a shorter period of time. She would buy stamps for
25 Mr. Shamo at his request, and then get reimbursed. Then she

1 also helped him in a failed attempt to try to buy a T-shirt
2 business. He was looking for a legitimate business through
3 which he could launder his drug money.

4 The rest of the people you see on the bottom row,
5 they were all package receivers. I mentioned he had the one
6 package that came to his roommate that got caught. There
7 was risk for Mr. Shamo any time he tried to import drugs
8 from overseas, and specifically Fentanyl from China. So
9 Mr. Shamo hired everyone else on the bottom row to receive
10 packages on his behalf. And for two or \$300 per package,
11 with no questions asked, they would turn it over to
12 Mr. Shamo so that he could import the ingredients he needed
13 to press his pills.

14 By the fall of 2016, Mr. Shamo, who was helped at
15 times by Mr. Paz, spent a fair amount of his effort
16 converting his drug money, his Bitcoin, into cash, into
17 dollars. Most of those transactions were relatively small,
18 but they found some Bitcoin buyers out of California who
19 were willing to do larger transactions. The largest single
20 transaction they engaged in, one transaction was for
21 \$400,000.

22 By November of 2016, Mr. Shamo's days would have
23 been largely consumed with pressing pills with Luke Paz,
24 converting Bitcoin to cash with Paz and others, order
25 processing, and customer service. Even though he had hired

1 Mr. Noble and Mr. Crandall, he still had a hand in it.
2 Whenever they would run into a problem, they would flag the
3 issue for him and he made final decisions. He had to make
4 sure that Ms. Tonge and Ms. Bustin stayed fully supplied
5 both on postage and on drugs so that they could keep the
6 process running.

7 I mentioned there was some risk in importing
8 Fentanyl from China, and that's eventually how Mr. Shamo was
9 caught. It was this package right here that led to his
10 arrest. Looking in now, you can see that that package is
11 addressed to Ryan Jensen in Midvale. Ryan Jensen is one of
12 those package receivers. You can see there it comes from
13 China. This package came through the international mail
14 facility in Long Beach. So that's where it hit sovereign
15 soil here.

16 The Customs and Border Protection watches packages
17 as they come in, and some of the officers from Customs and
18 Border Protection checked this package. They opened it up.
19 They found a Mylar bag. Inside that Mylar bag, a plastic
20 bag, and inside of that, white powder. That powder was
21 tested by a scientist at the DEA laboratory and they
22 confirmed that it was Fentanyl.

23 The agents built up a case and an investigation
24 against Jensen, the man whose name was on the package. And
25 by November 1st of 2016, they had enough in their

1 investigation that they were able to apply for and then
2 receive a search warrant. They executed the search warrant
3 at his house. They interviewed Mr. Jensen, and he
4 confessed. He told them that he was accepting packages on
5 Mr. Shamo's behalf. Mr. Shamo was a friend of his.
6 Mr. Shamo would pay him two, \$300 for every package he
7 received. And Mr. Jensen told the investigators about other
8 people that he suspected were doing the same thing.

9 One of those people was Sean Gygi. About a week
10 later, at this point, agents, postal inspectors, all working
11 together, they were watching the mail closely for any
12 packages from China coming to Mr. Shamo's associates, and
13 they caught this one that you see there, addressed to
14 Mr. Gygi. With a search warrant, they opened it up. They
15 looked inside. They saw this inner packaging, kind of the
16 cartoon character packaging, and then inside of that powder.
17 That was tested. It's Alprazolam. That's the
18 pharmaceutical ingredient in the counterfeit Xanax pills.

19 At the same time period, they caught one
20 additional package going to Mr. Gygi. Inside of it, the
21 same packaging, the cartoon character. This one had a
22 slightly different powder in it. Tested, and it was
23 Fentanyl.

24 With that, agents had enough to apply for and
25 receive a search warrant for Mr. Gygi's residence. They

1 executed the warrant, and then they interviewed him. He was
2 hesitant at first. There was a moment in the interview
3 where the agents told him that he had been accepting
4 packages that contained Fentanyl, and the agents watched as
5 his countenance changed.

6 When the interview was over, they let him go. He
7 went home that night and thought long and hard. And the
8 next morning he called up the agents and said we need to
9 talk. He told them that not only was he accepting packages
10 from Mr. Shamo but, earlier that year, he had been hired to
11 do more. He had been hired as a runner. He told the agents
12 about this porch in Daybreak where he would go most nights
13 of the week and pick up boxes, and then take those boxes and
14 put them into the mail.

15 He agreed to do two things. First, he agreed to
16 have a conversation with Mr. Shamo and record the
17 conversation and talk about -- Mr. Shamo paid him during the
18 conversation, he got paid every two weeks \$2,000 -- and then
19 to talk about their future plans. You're going to hear that
20 recording during the trial. And then, second, he agreed to
21 take the agents with him that night to pick up packages off
22 that doorstep in Daybreak, the doorstep of Ms. Tonge and
23 Ms. Bustin.

24 So they went out that night. He had missed the
25 night before. And so when he got the packages and then

1 turned them over to the agents, there were 79 packages and
2 envelopes, total. Here they are spread out, which you can
3 see there is the largest boxes in the back, and the medium
4 size boxes in the middle, and then priority mail envelopes
5 in the front.

6 Here's looking inside one of the boxes. When the
7 agents opened the boxes, they found Mylar bags and then an
8 invoice. You can see that at the bottom of your screen.
9 It's for Jamaica green coffee. It's meant to be coffee
10 beans. Inside of the Mylar bags, plastic bags. And then
11 the plastic bags contained pills that were confirmed
12 Fentanyl. This one box is just shy of 20,000 pills. You
13 can see that in the second red box there.

14 Here's looking at a couple more seized that night.
15 More pills. You can see the addresses that these are being
16 shipped to. This going to New York, New York.

17 Mr. Gygi took the agents out two nights later for
18 another pickup, this time just over 40 packages and parcels.
19 Here's one of the large boxes they got that night. This was
20 tested. It has Fentanyl. You can see that in the red box.
21 This other drug you see in the red box with the parentheses
22 ANPP at the end, this is a Fentanyl precursor. So this
23 Fentanyl is created in a chemistry lab in China and then
24 shipped over here. The precursor wasn't fully synthesized,
25 and the DEA tests are sensitive enough that they were able

1 to pick it up in addition to the Fentanyl that Mr. Shamo was
2 putting inside of his pills.

3 Here's more from that second night with Mr. Gygi's
4 help. Not all the packages were large. Here's a priority
5 mail envelope.

6 By November 22nd, the agents had enough that they
7 applied for and received a search warrant to search
8 Ms. Tonge's and Ms. Bustin's residence in Daybreak. When
9 they got inside, this is what they found. Pills all over
10 the floor. Packaging material. You can see the name there,
11 Uline. Uline is a company that sells packaging material,
12 including Mylar bags. Postage, padded envelopes, priority
13 mailboxes you can see in the pile there. A digital scale.
14 A large stock of drugs. There's a plastic tote there full
15 of drugs. On top of that, more bags of the Fentanyl pills.
16 Pills on the bed. Here's their vacuum. The pills would
17 spill on the floor. They'd just vacuum them up.

18 The drugs were taken from the residence, taken to
19 the DEA where they were photographed, tagged, bagged, and
20 then sent to the lab. Those drugs, what you're seeing in
21 the picture, that's what's here in front of us. These
22 totes, specifically the sealed totes -- you can see, for
23 example, this one is taped around it. The sealed ones
24 contain his Fentanyl pills, the unsealed ones, everything
25 else.

1 This is the largest single exhibit, the largest
2 one place where pills were gathered during this
3 investigation. It's this one right here. That one exhibit,
4 that one has more than 74,000 pills in it.

5 At the same time the agents were executing that
6 warrant, another group of agents executed a warrant on
7 Mr. Shamo's residence. He lived on Titian Way in Cottonwood
8 Heights. Because of the strong suspicion that he was
9 pressing Fentanyl, powdered Fentanyl inside of his home, the
10 warrant had to be executed by agents wearing HAZMAT gear.
11 Many agencies and local police departments were involved.
12 For example, you get the DEA and their HAZMAT team. They
13 were also supported by Homeland Security Investigations,
14 Postal Inspection Service, Food and Drug Administration, the
15 IRS as a criminal investigative team. They were helping
16 with the financial side of the investigation. The fire
17 department was on hand to help decontaminate, and then for
18 rescues, if needed. The National Guard has a HAZMAT team
19 that came out to help, and it took all the help. Here they
20 are getting ready.

21 When they got inside, they found an old, single
22 punch pill press, in a wood cabinet, not being used. They
23 found a brand new industrial size pill press in a crate in
24 the garage, which hadn't been used. They found boxes, and
25 inside the boxes that same cartoon character packaging, and

1 then bags of powders. They found boxes and boxes of this
2 formula 5,000. This is the ingredients going into the
3 pills. You can see there most of it, that top line, is
4 microcrystalline cellulose. But it also has some other
5 ingredients. There were kilograms of it in these boxes in a
6 closet.

7 Let me orient you on this picture. So you're
8 looking down at HAZMAT boots, and then this is a crate using
9 the stainless steel pry bar behind the lid of the crate.
10 They popped open the lid. The crate looks like it has
11 bricks inside, but that box is on its end. They pulled one
12 out, took the lid off and set it down so you could see what
13 was inside the box. The cylinders in that box, those are
14 punches that go into the press. So the punches come
15 together. And then there's a metal plate called a die in
16 the middle that's holding the powder. The punches come
17 together with force and it presses together the pill.

18 The tip of the punch is embossed so that when it
19 presses together, it leaves an imprint on the pill. Those
20 are here, and you'll get to see them.

21 Here's more, the punches on this shelf. These
22 punches would wear out over time, which is why he was buying
23 more and more of them.

24 In the basement they found a room that was
25 lockable and it had a pill press running. If you look at

1 the wall, you can see the powder on the wall. Then closer
2 up, you can see powder spilling out onto the shelf of the
3 pill press.

4 Now looking around the room, you can see mason
5 jars and lids on that back table. Mr. Shamo and whomever
6 was helping him press, either Mr. Crandall before and then
7 Mr. Paz who he hired after, they would shake up the
8 ingredients in those mason jars. That's how they'd mix
9 their ingredients before putting them into the press.

10 You can see dies, colors, bags of pills on the
11 shelves. Zooming in here, you can see the white bottle with
12 the red that says relax. It's a lubricant for machine
13 parts. The presses' moving parts had to be lubricated.
14 Every time they replaced one of the punches, they would have
15 to lubricate that before it went back in. More ingredients.

16 They took some precautions. When Mr. Shamo was --
17 when the agents made entry into his home as part of the
18 search warrant, he was downstairs. They called him up, and
19 then passed him out so he could be decontaminated and then
20 taken into custody. He had gloves and his mask on him when
21 he came up.

22 Here's the other side of the room. That's the
23 Fentanyl press. Looking closer, the powder, the
24 ingredients, the binding agents, the colors, the Fentanyl,
25 once it's all mixed up, it would go into this hopper on top,

1 and then go down through the funnel into kind of like the
2 bowl in the middle. Then powder is moved around that bowl
3 and the punches work. It's a rotary press, so there's lots
4 of punches and it's running around like this. Every time a
5 pill is punched and pressed together, it goes down the chute
6 you can see coming down the bottom of the photo, and then
7 into a net at the very bottom of the photo.

8 Much of what was in this room was contaminated.
9 It was destroyed. It's hazardous. But the agents took
10 samples. And then they also pulled out the punches so that
11 the punch and the punched tip could be tested by the lab.
12 The punches that came out of this press, the lab, they did a
13 residue test on and it was confirmed Fentanyl.

14 The agents didn't stop their search there. They
15 continued to look in places they normally look during
16 searches, including in his dresser. In his top drawer, they
17 didn't find clothes. In his bottom drawer, he had cash.
18 Here's one of those stacks, for example. Cash in drawers
19 like this one. He had a safe full of cash. \$1.2 million in
20 cash pulled out of his home.

21 They also seized electronic devices, and much of
22 the evidence you're going to hear over the next four weeks
23 comes from Mr. Shamo's electronics, specifically an iMac
24 computer, that one, and then two of his cell phones. He had
25 an iPhone 6S and then an iPhone 7.

1 The agents worked late into the night processing
2 Mr. Shamo's house. I mentioned that they took samples of
3 the powders before things were destroyed. That's what you
4 see going on here. Anytime there was evidence that could be
5 removed from the home, it would have to be picked up by
6 someone in their full gear, including their self-contained
7 breathing apparatus, brought outside for decontamination.
8 And then everything coming out of the house came to this
9 table that you see here where agents and supervisors checked
10 it in and then put them in the larger evidence bags.

11 Here's money, for example, coming out the house.

12 Agents worked late at this search warrant, but
13 they also worked late based on investigation they learned
14 from Ms. Tonge and Ms. Bustin. So at Ms. Tonge's and
15 Ms. Bustin's search warrant, as a part of that they
16 interviewed both Ms. Tonge and Ms. Bustin, and they too
17 confessed. They told the agents that they were packaging
18 and shipping these pills for Mr. Shamo; that Mr. Shamo was
19 their boss; that he had been paying them to do it. And they
20 told the agents that they suspected an old coworker of
21 theirs might also be involved, Mario Noble.

22 So a couple agents went to where Mr. Noble worked,
23 and they asked at the front desk for Mr. Noble so they could
24 ask him some questions. The front desk told Mr. Noble that
25 there were some special agents there to see him. So as he

1 walked up, he erased Telegram, a communication app that he
2 had used with Mr. Shamo. He erased it off his phone.

3 Once he sat down with the agents, he also
4 confessed. And later that night, he took two of the
5 agents -- sat down with them, and took them online,
6 specifically onto AlphaBay. And because Mr. Noble had been
7 doing customer service, he had shared access to some of the
8 Pharma-Master pages, and he was able to take them on, show
9 them what he had been working on, and allow them to take
10 screen shots that night so they wouldn't lose some of the
11 evidence.

12 Ms. Tonge and Ms. Bustin, in their interviews,
13 also told the agents one thing that gave them alarm. They
14 said that the prior night, because Mr. Gygi was gone, they
15 took packages to blue collection boxes. So a postal
16 inspector raced out. Ms. Tonge and Ms. Bustin, they had
17 described the packages. They would never put their return
18 address on it. They would always pick one randomly off a
19 map, and then they would make up a name for the return
20 address line. This time the name were all the same. So
21 they told the agents what name to look for. They told them
22 there would be 20 packages, and the postal inspector was
23 able to gather up all 20 before they got dispersed through
24 the mail stream.

25 Here's a couple of those last 20. A box here,

1 Fentanyl pills. These like all the others, Fentanyl.

2 Shortly after Mr. Shamo's arrest, his friend, Drew
3 Crandall, living overseas, notified AlphaBay, said
4 Pharma-Master has been compromised, it needs to be shut
5 down.

6 In January of 2017, the agents, working with now
7 the cooperating co-conspirators and building their own
8 investigation, had enough information to apply for and
9 receive three search warrants to search places where Mr. Paz
10 was known to sometimes reside. That process of searching
11 his residences began discussions between Mr. Paz and his
12 attorney and these agents. During that process, Mr. Paz
13 turned over his drug money, in total, just under \$800,000.
14 He was getting paid a percentage for every pill that he
15 pressed.

16 In March of 2017, Mr. Shamo's parents turned over
17 money he had left with his family, in total, just shy of an
18 additional \$430,000.

19 Let's take a minute now and let's talk about
20 Darknet markets. You're going to hear specifically from a
21 special agent who, because of his training and experience,
22 is able to offer opinions that you can consider, and he's
23 going to talk about Darknet markets in some detail. I want
24 to give you just the briefest overview of the evidence
25 you're going to hear.

1 Darknet markets, that name, those were the
2 websites where Mr. Shamo was selling his drugs. The
3 Darknet, it's a corner of the Internet. You need a special
4 browser, an Internet browser to get on there. And then you
5 also need a user name and password to enter the markets.
6 This one that you see pictured here, this is the first sort
7 of commonly known Darknet markets, Silk Road. And Darknet
8 markets have some characteristics in common.

9 So, for example, you can see the categories on the
10 left of the items that are for sale. In the middle, that's
11 going to be the featured product descriptions, so you can
12 click on one of those and then make a purchase. And then
13 lastly, user information on top.

14 When drugs were purchased on the Darknet, they
15 were purchased with cryptocurrency. The cryptocurrency
16 you're going to hear about in this case is Bitcoin.

17 This is AlphaBay, the market where Mr. Shamo was
18 selling drugs in 2016. You can see there the URL, the
19 address. It says AlphaBay. Then there's some nonsense
20 letters followed by dot onion. When you think about the
21 websites that you're going to on the Surface Web, you go to
22 places that are dot com, or dot org, or maybe dot gov. If
23 you want to go to a Darknet market, you're flicking for dot
24 onion websites and you need a specific browser to get there.

25 Then on the left, these are the items for sale.

1 This screen shot is showing counterfeit items. The next one
2 here, these are drug items for sale.

3 AlphaBay made money on every transaction on its
4 site. It took a cut. AlphaBay had the incentive to try to
5 increase the amount of transactions. But on the Darknet,
6 anonymity is key, and buyers feel hesitancy to buy online,
7 to send their Bitcoins to a vendor who's anonymous for fear
8 they won't get their product back. So AlphaBay took some
9 steps to try to alleviate some of the concern a potential
10 buyer might have, and most of it had to do with feedback.
11 In addition to feedback, AlphaBay worked as an escrow
12 service. But for now, let's talk just about the feedback.

13 So a potential buyer could go on to AlphaBay and
14 look at a seller. They could see that -- for example, this
15 seller, on the number one there, had 94 percent positive
16 feedback over the last 12 months.

17 Then if you're looking at the second arrow, number
18 two, not only could you see the percent positive over the
19 last 12 months, but they would break it down by one month,
20 six months, 12 months so you could look for trends.

21 Customers would rate sellers based on their -- now
22 if you're looking at number three -- their stealth, and what
23 they mean by stealth is how expertly a seller packages and
24 ships drugs to avoid law enforcement detection. Customers
25 would also rate sellers based on the quality and the value.

1 And then lastly, number four, customers were
2 allowed to leave comments, feedback. So you can see the top
3 row of feedback here at the bottom, that customer wrote
4 perfect. But it's not 2016. It's 2013.

5 Then if you look underneath that, that tells you
6 what product they're referring to. It's Microsoft Office.
7 You can see the price there in dollars. So they pay in
8 Bitcoin, but AlphaBay would display it in dollars. Six and
9 a half dollars for Microsoft Office, and the date and time
10 of the purchase.

11 Even if a customer didn't want to type in
12 comments, AlphaBay would still generate a row for every
13 transaction. So if you look at the bottom two rows, those
14 customers left no comment, but AlphaBay generates a row. So
15 A potential buyer can see a seller's individual sales, how
16 much they're selling, what people are paying, the date on
17 which they're making sales. That same date, it was there
18 for Pharma-Master, and that's how the agents created this
19 chart that shows his sales for 2016 that you saw earlier.

20 This specifically is one of the 366 pages of
21 feedback that the agents were able to capture for
22 Mr. Shamo's drug sales. So let's look at just a few of the
23 comments his customers left.

24 I heart you. I really do. Absolute perfection
25 again. Very discreet shipping. No worry there. Product

1 looks great. Some think they feel stronger than a regular
2 30. That's good, though. Just be careful if you don't have
3 a tolerance. Thanks. Be back soon. Take care. Enjoy
4 life. That customer, you can see below, they bought 100 of
5 his Fentanyl pills, specifically the ones that he labeled
6 M Box 30s.

7 Here's another. There is no one better to do
8 business with. I have done thousands, and this fact is
9 indisputable. Thank you, Pharma-Master. This person bought
10 another hundred of his Fentanyl pills. Fantastic service.
11 I'll be back. This person bought ten pills.

12 Agents and analysts took this feedback and the
13 sales data, they added it all up, and from the feedback we
14 were able to capture, Mr. Shamo sold \$2.8 million worth of
15 drugs in 2016, more than 800,000 pills and more than 5500
16 transactions.

17 Let's focus now just for a moment on his Fentanyl
18 pills. Just the Fentanyl sales. Almost 3500 transactions,
19 more than 450,000 Fentanyl pills, and he made \$2.4 million.

20 I mentioned he had the three ways of listing his
21 Fentanyl pills. So this breaks down by how he would
22 describe them. When he labeled it an M Box or an M Box 30,
23 he had 871 orders, but those were larger orders. So you
24 look at the total quantity, 210,000 pills, and just from his
25 M Boxes, he made a million dollars.

1 When he labeled it as a Roxy -- and you can see
2 what a Roxy looks like. It's that A215. That's the other
3 name you'll hear it described as. When he labeled it as
4 just a Roxy, more orders, 2200, but smaller orders. So the
5 total quantity, 242,000 pills, and he made 1.4 million just
6 off of Roxys.

7 Lastly, when he would put in his listing right in
8 the title that his pills contained Fentanyl, 376 orders,
9 just over 5,000 pills, just under \$50,000.

10 Let's talk about the evidence you're going to hear
11 with respect to Mr. Shamo's oversight. Mr. Shamo maintained
12 oversight even as he hired employees, including on ordering
13 ingredients and parts. So here he's corresponding with his
14 executive assistant, Ms. Gabby Noriega. He said, hey, did
15 you order the stearic acid from the link I sent you? I
16 needed it specifically from Pyro Chem Labs because they
17 don't triple press stearic acid. He gives her the link.
18 This is the link I sent. Did you order it from this, Pyro
19 Chem Labs? Then she clarifies, on to the next page, yeah,
20 I'll get you the address in a sec, but this is urgent for
21 the stearic acid. I'm on a very large time crunch. Gabby.
22 And then she indicates that she's made the purchase.

23 A little later in time he tells her, we need
24 cornstarch, lactose -- he needs another bucket of lactose,
25 and more stearic acid ASAP. Get ordering. Also half bag

1 Ziploc bags. The snack size ones. Then she's catching up.
2 Okay. Some stearic acid should be coming like any day now.
3 I ordered some not that long ago, I thought. How much more
4 cornstarch do you want? Then he clarifies. Focus on
5 lactose first. Order like 30 to 50 pounds. Then more
6 stearic acid. We should be okay on cornstarch for a little
7 bit.

8 He asks her a little later did you order the
9 filler from tabletpress.com? It's a Canadian company where
10 he's buying that microcrystalline cellulose. And then he
11 says, to TJ Edwards. TJ Edwards is one of his package
12 receivers, this man right here. Then he says, also when's
13 your payday? And then to those two questions, Ms. Noriega
14 responds not yet just because you said you would check to
15 make sure that was right and I didn't hear back from you.
16 And then when's payday? It was Sunday. Okay. You've got
17 to remind me of these things, LOL. This month's been crazy.

18 Mr. Shamo was also in charge in ordering parts,
19 specifically the dies and the punches. So he got an e-mail
20 from a Chinese manufacturer. They indicated they got his
21 e-mail at the Aliexpress store, and asked if he was
22 interested in good A215 or good Xanax replica dies. And
23 when they say dies, they mean not just the dies but the
24 punches. He responds, sounds good. I would like both made.
25 And then asks do you accept Bitcoin as payment? I'd like

1 you to get started immediately. And then he clarifies the
2 type of press that he's using. They tell him that they
3 cannot accept Bitcoin. They only accept Western Union and
4 wire transfers. Then they confirm, do you want to order the
5 A215 and the Xanax replica dies? Then they talk about the
6 specifications for his press. They work it out. He
7 indicates that the MoneyGram will be coming in his name, but
8 the dies, the punches, they need to be sent to Julian
9 Mausia, this man right here, another one of his package
10 receivers.

11 There was evidence found in Mr. Shamo's devices
12 about payments he made to China. This is \$2100. That's for
13 Fentanyl. This is a money gram, \$1400, going to China.
14 Then \$1100 also going to China. Mr. Shamo maintained
15 oversight on quality control, how much Fentanyl. And how
16 did Mr. Shamo figure out how much Fentanyl to put inside his
17 pills? Research. This was found on his computer.
18 Something he found online. You can see there it's a
19 comparison. It compares, among other things, Oxycodone and
20 Fentanyl.

21 I mentioned that he was getting feedback from this
22 local dealer. Mr. Shamo had a note in one of his phones.
23 The date on it is February of 2016, so right when he's in
24 the process of creating and perfecting fake Fentanyl pills,
25 and at the bottom of that note, this is what he wrote -- or

1 copied. Okay. So these are the best so far. They smoke
2 perfect and they snort and slide. Slide means how it is
3 traced along aluminum foil as they smoke it, heat it up from
4 the bottom. The color being speckled won't fly so that
5 needs to be fixed, but you already knew that. My boy smoked
6 two in a row and barely got high. So a bit stronger is
7 going to be a must, bro. But all in all these are f'g close
8 to being money in the bank, man. You did it, bro.

9 Mr. Shamo's oversight over quality control
10 continued. This is February of 2016. Even by the end,
11 November of 2016, they are still having issues with quality
12 control. Here's customer service, Mario Noble. He says to
13 Mr. Shamo, his boss, you hearing complaints on the recent
14 batch? Mr. Shamo: No. Batch of what? I haven't read
15 messages all week. Noble: Got a couple of complaints about
16 the M Box 30s it looks like. So Mr. Shamo says sticky them.
17 That means flag it for me so it won't go down in the chute.
18 I'll look at it tomorrow -- or I'll look at them tomorrow.

19 Then a little later in November, the other
20 customer service agent at this point, Drew Crandall, tells
21 Mr. Shamo, getting complaints about the last batch of
22 M Boxes from before vacation. Are making people sick. Only
23 halfway through messages and I already have four people
24 saying stuff about it. Then he asked his boss, should I
25 just tell them to suck it up or should we reship 50 percent?

1 Mr. Shamo in response, partway through that first line,
2 yeah, let's do a 50 percent reship for those guys. Just
3 give a pill count for reships that go out so I can keep
4 track.

5 Then he changes subjects. He says, also Sean is
6 my runner for mail. So he's just revealed a member of his
7 organization to another member. I haven't heard a response
8 from him since yesterday. And the Sean he's referring to is
9 Mr. Gygi. If you still talk to him -- because Mr. Gygi and
10 Mr. Crandall knew each other from before -- can you reach
11 out and see if he's okay. You look at the date on that
12 message, November 18th. The day prior was the date Mr. Gygi
13 met the agents. But the night of the 17th is when Mr. Gygi
14 was thinking long and hard about what he should do. The
15 morning of the 18th is when he agreed to cooperate. And the
16 night of the 18th was the first night he took the agents
17 along to collect the pills.

18 Mr. Shamo kept oversight over customer service and
19 order processing, even though he had people helping him. He
20 had to train them. So, for example, Mario Noble asked, yo.
21 Roxy just means replica Oxycodone, right? Mr. Shamo: Mine
22 does, yeah. I only sell replica. Yeah. But Roxys are an
23 official drug, right? The R just means it's a replica? No.
24 Roxy is a real drug made from real Oxycodone. Mine are made
25 with a substitute. His substitute was Fentanyl. Mr. Noble:

1 Oh, okay.

2 I mentioned that agents seized his electronic
3 devices, including the iMac. From the iMac, agents were
4 able to find 1984 pages of orders. So whomever was doing
5 order processing, usually Mr. Shamo, sometimes Mr. Noble,
6 they would take the orders that came in online and then they
7 would create this document. It's a text file. You see the
8 dotted dashed lines there? Each block there is an
9 individual sale. So they would copy in the top four rows
10 from AlphaBay. And then a buyer, when they made a purchase,
11 they would have to submit that name and address to which
12 they wanted their pills sent.

13 The order processor, Mr. Shamo usually, but
14 Mr. Noble when he was helping, would copy that information
15 from the buyer, put it in the text file, and this document,
16 the daily order sheet, was encrypted and sent to Ms. Tonge
17 and Ms. Bustin, and they would work right off this document
18 to package the pills. So they knew what a buyer wanted, how
19 much they wanted, what address they wanted it sent to, and
20 then those pills would go out in the mail. From these 1984
21 pages that were taken from Mr. Shamo's computer, the agents
22 were able to plot by ZIP code everywhere he sent drugs in
23 2016. Every dot on that map is a ZIP code to which
24 Mr. Shamo and his employees sent drugs.

25 Let's talk about money. I mentioned that

1 Mr. Shamo spent a fair amount of effort converting his
2 Bitcoin, his drug money, into cash that he could spend and
3 use. Here's one of many examples you're going to see
4 through the trial. So at the top, that's Mr. Shamo in the
5 blue. He says, hey, it's airshamo4 from localbitcoins.
6 Airshamo4 is his user name. Localbitcoins is a website that
7 brings together people who want to buy and people who want
8 to sell Bitcoin. Mr. Shamo says, I'm finally feeling above
9 water. Can you meet around 5:30? His potential buyer says,
10 yeah, I can do that. Give me an address. Mr. Shamo,
11 Starbucks, Cottonwood Heights. Buyer says that sounds fine.
12 I'll be there. They both get caught in traffic.

13 Now moving to the next page, the buyer arrives and
14 then Mr. Shamo arrives. He says, sorry, traffic got me too.
15 Buyer says, all good. I'm on to the couch. Mr. Shamo:
16 Thanks. I'm getting off the freeway now. See you in a
17 second. That next message, the one that starts 1HBE2Q,
18 that's the buyer sending Mr. Shamo the wallet address he
19 wants Mr. Shamo to send Bitcoins to.

20 And all apparently goes well because eight days
21 later, the buyer reaches out to him again and says, hey, do
22 you have any more coins to sell. He's looking to buy around
23 5,000. Mr. Shamo says, I'm getting my car fixed. If not
24 tonight, tomorrow. Then the buyer says, okay. Just let me
25 know when you find out. How much do you have available you

1 could sell? Mr. Shamo writes, 15k. I'll have more next
2 week.

3 All of Mr. Shamo's efforts to cash out Bitcoin
4 resulted in \$1.2 million in his house. It's all drug money.
5 There's Mr. Shamo's 1.2 million as it's going into the bank
6 at Loomis. The \$430,000 turned over by his parents, all
7 drug money. Mr. Paz's cash, \$800,000, all money.

8 Mr. Shamo purchased this truck from his friend, an
9 early investor, Miles Penrose. Paid for it with drug money.
10 He bought silver bars. You can see right there. He used
11 Bitcoin to pay for it. He didn't even have to exchange it
12 into cash in order to buy his silver bars.

13 Mr. Shamo was still holding cryptocurrency,
14 specifically Bitcoin, at the time of his arrest. To date --
15 and it's not finished, but to date the agents have
16 identified and seized from Mr. Shamo's accounts 535 Bitcoin.
17 On the date of his arrest, a Bitcoin was worth almost \$750.

18 Mr. Shamo had to pay wages to his employees.
19 Sometimes for Mr. Crandall, he would pay him in Bitcoins
20 since Mr. Crandall was overseas. But he got late on one of
21 his payments and so Shamo went himself to deposit money into
22 Mr. Crandall's account. That's what you see on the picture
23 there. He put \$2700 in Mr. Crandall's account as payment
24 for his work doing customer service.

25 Then Mr. Shamo used this drug money to support his

1 lifestyle. He, with friends, bought a boat and a truck to
2 pull it. Here he is in his boat on the lake with Paz. He
3 bought an 88-inch TV, a \$2,000 bedroom set. Took trips.
4 This is a beach in California. He also went to spring break
5 in Mexico. Multiple trips to Las Vegas. On a cruise with
6 Luke Paz and their girlfriends. Fine wine. Port calls.
7 All of it was paid for with drug money.

8 You're going to hear from several of the people on
9 the screen. It's anticipated that you're going to hear from
10 Mario Noble. He's going to tell you that Mr. Shamo hired
11 him, that Mr. Shamo trained him, that Mr. Shamo paid him,
12 that Mr. Shamo was his boss.

13 You're going to hear from Luke Paz. He's going to
14 tell you Mr. Shamo hired him. Mr. Shamo and Mr. Crandall
15 trained him, that the two of them worked together, that they
16 had an agreement that he would get a percentage of the price
17 for each pill that he pressed, and that Mr. Shamo paid him,
18 and Mr. Shamo was his boss.

19 You're going to hear from Drew Crandall. He's
20 going to tell you in the beginning he was a junior partner
21 with Mr. Shamo, but Mr. Shamo bought him out. And when he
22 came back, he was an employee doing customer service online
23 overseas. Mr. Shamo paid him. Mr. Shamo was the final
24 decision maker.

25 You're going to hear Ms. Tonge and Ms. Bustin.

1 They're going to tell you that they were initially recruited
2 by Mr. Shamo and Mr. Crandall. And once Mr. Crandall left,
3 Mr. Shamo was the boss. Mr. Shamo paid them. Mr. Shamo
4 either brought them postage or sent them Bitcoins so they
5 could purchase postage. Mr. Shamo kept them supplied with
6 drugs. And Mr. Shamo and his employees would give them the
7 daily order sheets so they would know to whom to send the
8 drugs.

9 You're going to hear from Mr. Gygi. He was a
10 package receiver before. After his friend, Mr. Crandall, is
11 gone, Mr. Shamo approaches him about taking a larger role.
12 He recruits him to be the runner, the courier. Mr. Shamo
13 paid him. Mr. Shamo had plans with Mr. Gygi to expand his
14 role in the organization.

15 It's also anticipated you'll hear from Mr. Jensen.
16 Mr. Jensen's package was the first package caught, the
17 package that led to Mr. Shamo's arrest. He's going to tell
18 you that Mr. Shamo paid him. He considered Mr. Shamo a
19 friend. And he received those packages on Mr. Shamo's
20 behalf.

21 You'll also hear from this woman, Jessica Gleave.
22 She's going to talk about the packages that she and her
23 boyfriend, next to her, Julian Mausia, received at
24 Mr. Shamo's request, on his behalf, and that he paid them
25 two, \$300 per package for every package they received.

1 You saw our witness list Friday. The only thing I
2 wanted to mention about it is we have some witnesses who,
3 because of their education, their training, or experience,
4 they have the ability to offer an opinion that you can
5 consider. For example, this special agent will be the one
6 that talks about the Darknet, and cryptocurrency, and the
7 types of encryption they used. These other witnesses
8 underlined in yellow, they're similar.

9 You're going to hear from computer forensic
10 witnesses, scientists and chemists from two different
11 laboratories. They're going to talk about what was in the
12 pills and how good the fakes were.

13 You're going to hear from a doctor, a Ph.D, with
14 the Food and Drug Administration who was part of the team
15 that reviewed Fentanyl for use in hospital settings, and
16 he'll talk about some of the dangers of Fentanyl.

17 Then lastly, the three on the right. Dr. Thomas
18 Rogers performed an autopsy. Bill Posey, below him, helped
19 Dr. Rogers with toxicology analysis. Then lastly,
20 Dr. Stacey Hail, who is a forensic pathologist, and I'll
21 talk about her in just a moment.

22 Let's finish now talking about Mr. Shamo's
23 customers. Mr. Shamo sold his drugs to other drug dealers.
24 This is a sale for 5,000 of his Fentanyl pills. That
25 purchaser is a drug dealer. Another 5,000, 10,000, 20,000

1 of the counterfeits.

2 Let's talk about one drug dealer in particular
3 that you're going to hear more about in this case. His user
4 name was Trustworthy Money. Here's 10,000 pills to
5 Trustworthy Money. Another 10,000 sold by Mr. Shamo to
6 Trustworthy Money. Another 10,000. Here's Trustworthy
7 Money and the daily order sheets that we've talked about
8 that, when Mr. Noble was helping, Mr. Noble would create.
9 Trustworthy Money sends a message, it says, fifth row down,
10 I messaged you about getting 2k extra pills if I buy this.
11 So 12,000 total. You said to let you know so you could let
12 the shipping team know. Please let them know. Thank you.
13 I really appreciate it. As soon as it's marked ship, I'll
14 partially release 35k. By that he means the money is in
15 escrow at AlphaBay and he'll release it to Mr. Shamo as soon
16 as Mr. Shamo marks that it shipped.

17 Mr. Trustworthy Money gives Pharma-Master the name
18 and address he wants his pills shipped to. He also uses a
19 package receiver. So that's not him. That's a real person,
20 Alivia Luckcuck, and then her address. Trustworthy Money is
21 this guy. His real him is Jared Gillespie. He's fanned out
22 \$100 bills in front of him. He has a money counter. You'll
23 notice on the table over here, Mr. Shamo has two money
24 counters.

25 Mr. Shamo sold to drug dealers. He also sold to

1 drug users, and there's one I want to talk about now.

2 These two orders go to the same user. So when
3 you're looking at this, you can see the sales information
4 from AlphaBay. Second row, all the way to the right, it
5 says to and then T-W-A-D. That's the user, Twad. You can
6 see the name and address that that user wanted the pills
7 sent to. And then for that top order, that's ten pills.
8 The listing is for one pill. The quantity is ten. So
9 that's ten pills. It's going to 3 Midvale Drive in Daly
10 City, California. Daly City is a suburb of San Francisco.

11 The second order, on the bottom now, is in June,
12 specifically June 6th, 2016. Same user, same shipping
13 address, also for ten pills. The package that contained
14 those ten pills was tracked. So postal inspectors were able
15 to tell that it shipped out of Utah on June 9th, 2016, and
16 arrived at 3 Midvale Drive in Daly City on June 11th.

17 That address, 3 Midvale Drive, had these three
18 people at it. The guy in the middle, that's Gregory Lee,
19 whose name was on the shipping request. To his left, with
20 the funny sunglasses, that's Ruslan Kluyev, but his friends
21 called him Russ. And then the woman here, Ms. Tori Grace,
22 is Greg Lee's girlfriend. Mr. Lee, Russ, they're roommates.
23 Ms. Grace sometimes would spend the night there with them.

24 I mentioned that the package arrived June 11th,
25 2016. The very next night, June 12th, Greg and Tori arrived

1 home after eating dinner with Greg's family, and they found
2 Russ -- he was there to meet them. It was clear he had been
3 drinking. They went into his bedroom to hang out with him
4 for a little while. They watched Russ, their friend, crush
5 up two blue pills that they knew were Fentanyl. He crushed
6 them up with that battery. They watched Russ, their friend,
7 snort those pills using the rolled up sticky note you see
8 there. They watched as their friend Russ started exhibiting
9 the effects almost immediately. Russ laid down on his bed
10 and asked Tori and Greg to check on him that night.

11 Fentanyl is an opioid. Opioids are central
12 nervous system depressants. Taken too much and you shut
13 down.

14 Greg and Tori were nervous. They checked on him
15 several times that night before they went to bed. The last
16 time going in to check on him, Tori watched as her
17 boyfriend, Greg, rolled their friend into the recovery
18 position. It's a way to arrange a body so that if someone
19 unconscious were to vomit, they won't asphyxiate.

20 Tori thought that Russ's breathing was slowing,
21 but Greg dismissed it. The following morning, Tori got up
22 and went to work. It was while she was at work that she
23 found out that Russ was dead.

24 Police were called. An investigation began.
25 Here's his bed. You can see his glasses. There's Russ.

1 You can see the desk behind him where the battery and the
2 sticky note were. Then just inside of that door, there's a
3 garbage can. On the top of that garbage can, there's a
4 priority mail envelope, and that envelope came from Utah.

5 An autopsy was ordered. A toxicology analysis was
6 part of that autopsy. They looked at what was in his blood
7 at the time of Russ's death. They found that he had alcohol
8 on board. He was negative for cocaine, but he did have
9 cocaine metabolite and a cocaine cutting agent. But then at
10 the bottom there, you see that he had Fentanyl in his
11 system.

12 Dr. Stacey Hail, she's a medical doctor. She
13 still works in an ER. She teaches, and then she studies how
14 drugs and classes of drugs affect the human body in an
15 overdose. She reviewed Russ's case. She's going to take
16 the stand in this trial and she's going to tell you that
17 having reviewed it, and based on her training and
18 experience, and her education, it's her opinion that
19 Fentanyl was the but for cause of Russ's death. Meaning but
20 for the fact that he ingested the Fentanyl that night, he
21 wouldn't have died.

22 Death, drugs, and money, that's why we're here.

23 At the conclusion of this case, after you've heard
24 all of this evidence and much more, one of my partners on
25 the case, Mr. Vernon Stejskal here, is going to stand up in

1 front of you and ask you to return a verdict of guilty to
2 every count. That will be the only verdict that's
3 consistent with the evidence.

4 Thank you.

5 THE COURT: Thank you, Mr. Gadd.

6 Want to take a break before your opening?

7 MR. SKORDAS: It's up to you, Your Honor. I'm
8 ready to go. I won't be quite as long, but a break might be
9 in order.

10 THE COURT: We'll be in recess until five or ten
11 after ten.

12 (Jury excused)

13 (Recess)

14 THE COURT: Ready to proceed?

15 MR. SKORDAS: Yes, Your Honor.

16 THE COURT: Get the jury.

17 (Jury present)

18 THE COURT: Mr. Skordas, you may proceed with your
19 opening statement.

20 MR. SKORDAS: Thank you, Your Honor.

21 Counsel, members of the jury, before I start, I
22 want to introduce someone that you missed on Friday, and
23 that's our colleague Daryl Sam, who did get his daughter
24 successfully married off, and he'll be here for the balance
25 of the trial.

1 I'm going to start by saying something that I
2 don't recall saying in opening statements before and it
3 might come as a surprise to some of you, but one of the
4 parting remarks that counsel made in his opening is that in
5 a couple of weeks, one of his associates is going to get up
6 and ask you to find Aaron Shamo guilty on these counts.
7 We're going to agree with some of that. We think that the
8 evidence will support that he's guilty of some of these
9 counts. That might come as a surprise.

10 We think the evidence will support the notion that
11 he's guilty of many of these counts, that he was involved in
12 this drug ring, that he participated in the drug ring, and
13 that he should be held responsible for that. And he has
14 maintained that from the beginning and will maintain that in
15 the next three weeks before you.

16 There are a couple of things -- Elizabeth, if you
17 could help me. You're ahead of me -- that we don't agree
18 with in terms of the government, and when you listen to the
19 evidence, listen closely to some of these concepts because
20 Aaron Shamo did not cause the death or create the death of
21 another individual. Aaron Shamo is not, as the evidence
22 will show, the kingpin of a large drug organization. And
23 the government will no doubt prance this diagram in front of
24 you repeatedly during this trial, and we invite that. In
25 fact, we would ask that you look at it in a little bit

1 different way.

2 Count 1 of the information that you'll hear is the
3 one that is sort of a kingpin count, if you will. It
4 requires that the government show that he was a leader, that
5 he was a mastermind, that he was the kingpin, if you will,
6 of this organization. And that's what they intend to prove
7 is, based on their understanding of what's going on, that
8 he's at the top and all these other folks down here at the
9 bottom, they work for Aaron Shamo.

10 Counsel has indicated that he's going to call some
11 witnesses, most importantly, and maybe in the beginning
12 here, Drew Crandall. When you hear from Drew Crandall, here
13 are some things you're going to learn, that he worked for
14 eBay customer service in IT; that he has a background in
15 computers and IT support; that he studied mechanical
16 engineering in college; that at the time after that he was
17 in debt to the tune of \$45,000; and that while he was in
18 college, he began selling his own prescription medication to
19 individuals, his own Adderall; that he got involved in the
20 manufacturing and shipping of pills to make money to pay for
21 his significant college debt.

22 He helped establish the online marketplace and
23 shipping procedures for this group. He's knowledgeable in
24 Bitcoin. He took the proceeds from drug sales and traveled
25 around the world with his fiancee. He trained Luke Paz to

1 act as his replacement, and that he was still receiving,
2 accessing, and using proceeds from this as late as
3 April 2017. He was arrested in May 2017 when he returned to
4 get married in Hawaii. What's the significance of that?

5 The significance of that, members of the jury, as
6 you'll hear, is that in April of 2017, Aaron Shamo had been
7 in jail for five months. He's there today. He'll sleep
8 there tonight. And he's been there every day since
9 November 22nd of 2016, every day.

10 When Drew Crandall is receiving access and using
11 proceeds in April 2017, the evidence will show he certainly
12 wasn't doing it with the direction, or help, or assistance
13 of Aaron Shamo because he was in the Weber County Jail.
14 When Drew Crandall was arrested in May of 2017 to get
15 married in Hawaii, Aaron Shamo was in the Weber County Jail,
16 not directing anything or anyone.

17 Drew Crandall, you will learn, members of the
18 jury, through his own testimony and those of the agents,
19 lied when he was interviewed by the agents about his
20 involvement, lied about his assets to the investigators when
21 he was questioned about what he had done here.

22 You'll learn a concept that you've probably all
23 understood since high school, which is plea bargaining.
24 You'll learn that Mr. Crandall plea bargained this case. He
25 pled guilty to three counts. Aaron Shamo, as you know,

1 members of the jury, is charged with 13. He pled to
2 conspiracy to distribute Fentanyl, Alprazolam, and
3 conspiracy to commit money laundering. He was never charged
4 with the continuing criminal enterprise count, the kingpin
5 count, if you will. And he agreed to plead guilty in order
6 to avoid any risk of being convicted of a death resulting
7 count.

8 Counsel told you that you'll be hearing from Luke
9 Paz, and that's true, and here's what you'll learn from Luke
10 Paz. He became friends with Aaron Shamo through a group
11 called Mario Kart 64, and you'll learn what that means, and
12 basically replaced Drew Crandall while he was traipsing
13 around the world with his girlfriend. He ordered and
14 received a pill press. He developed the formula for making
15 the Fentanyl based drugs and kept it in his possession. He
16 kept a ledger of his manufacturing of Fentanyl based drugs,
17 and paid himself with Bitcoin and currency exchanges -- the
18 organized Bitcoin currency exchanges. He was arrested in
19 April of 2018, after Aaron Shamo had been in custody for
20 over 18 months. Luke Paz will come in probably through that
21 back door. He hasn't spent a day in jail. And when he was
22 arrested, he had \$800,000 in cash and 32 and change in
23 Bitcoin.

24 You'll learn that Luke Paz, when he was questioned
25 by investigators for the government, lied about his

1 involvement, lied about his assets. And he was allowed to
2 plead guilty to two counts of knowing and intentional
3 adulteration of drugs while held for sale, Fentanyl, and
4 conspiracy to commit laundering. He was never charged with
5 a serious death resulting count. He was never charged with
6 a serious kingpin count, the continuing criminal enterprise.

7 Counsel told you that you'll hear from Sean Gygi.
8 That's true. But here's what you'll hear about and from
9 Sean Gygi, that he worked at eBay with Drew Crandall and
10 Aaron. He delivered pills to Ms. Bustin and Ms. Tonge --
11 who we'll talk about in just a minute -- for packaging. He
12 received pills from those same two women and delivered them
13 to different addresses. He received at least \$4,000 a
14 month, had packages and drug manufacturing materials
15 delivered to his home on multiple occasions, and made \$300
16 for every package delivered to his home.

17 What did he do? He lied to the investigators when
18 he was questioned. He lied about his assets. He lied about
19 his involvement in this enterprise. And he was allowed to
20 plead guilty. He was allowed to plea bargain to conspiracy
21 to distribute Fentanyl, Alprazolam, aiding and abetting in
22 the importation of a controlled substance, and the use of
23 mail in furtherance of a drug offense. He too, like
24 everyone else, except Aaron Shamo, was never charged with a
25 continuing criminal enterprise count, and he agreed to plead

1 guilty to avoid the death resulting count.

2 Counsel told you about Mario Noble, who you will
3 also hear from. Mario Noble has got a little more
4 involvement in some things. He's trying to run his own
5 business. He became involved in this organization through
6 Drew Crandall's friend, Sasha. He opened his own
7 marketplace on the Internet to sell candy laced with drugs.
8 He tried online marketplace of his own, was making at least
9 \$3,000 a month in salary, had access to the entire
10 Pharma-Master page on AlphaBay, and dealt with every aspect
11 of customer service. He had the ability to manage money
12 coming and going from the Pharma-Master account and dictated
13 his own hours and schedule.

14 What did he get? Conspiracy to distribute
15 Fentanyl and Alprazolam. Never charged as a leader,
16 organizer. Agreed to plead guilty to avoid the death
17 resulting count.

18 Ms. Bustin and Ms. Tonge, you've heard quite a bit
19 about them. You'll see them all on this chart here. I
20 won't go through every one. They also worked at eBay with
21 Drew and Aaron. They packaged and prepared drugs for
22 shipping. They made their own schedule. They requested
23 more jobs and money on multiple occasions. They made at
24 least \$2,000 a month and upwards of \$3500 a month for
25 packaging. And when they were arrested, members of the

1 jury, they had 75,000 Fentanyl pills in their home.

2 They were questioned by investigators in this
3 case. They lied about their involvement. They lied about
4 their assets. They pled guilty to conspiracy to distribute
5 Fentanyl, Alprazolam, possession of Fentanyl with the intent
6 to distribute, the use of the U.S. Mail in furtherance of a
7 drug trafficking offense, and conspiracy to commit money
8 laundering. Again, they were never charged with a
9 continuing criminal enterprise, leadership role, and they
10 agreed to plead guilty to avoid the death resulting count.

11 Jessica Gleave, offered full immunity from any
12 future prosecution. Nothing. Pled guilty to nothing.

13 Ryan Jensen, who you'll hear from today, offered
14 full immunity from any future prosecution.

15 Although in a criminal case in America the
16 defendant doesn't need to testify, you'll hear from Aaron.
17 You'll hear from his family members. And you'll hear from
18 his -- by family members, I mean his mother and sister. And
19 here's what you'll learn about Aaron, that he's learning
20 disabled, he had severe ADHD, and a processing disorder;
21 that he was roommates after college with Drew Crandall; and
22 that in college, like Drew Crandall, he began selling his
23 own prescription medication along with Drew.

24 He was arrested November 22nd, 2016, awaiting
25 trial, and has been sitting in jail since that day. Longer

1 than all the other people in this chart combined.

2 When he gets arrested, there are no Fentanyl pills
3 found in his home. Never in possession of the formula for
4 possessing Fentanyl. Importantly, members of the jury, he
5 was never interviewed by the investigators in this case.
6 And as you'll see, some of the co-defendants and some of the
7 people that will be testifying -- as you'll hear I should
8 say, will tell you that Aaron just wasn't capable of
9 organizing or running an organization like this without
10 substantial assistance.

11 The government, early on in this case, November of
12 2016, created this chart. It's about a three-year-old
13 chart. And their argument this morning is that Aaron
14 founded and led this organization. Their argument this
15 morning and their statements are that he was the leader of
16 this. And counsel said Aaron did this, and Aaron directed
17 that, and Aaron did this, and Aaron was in charge of that.
18 But when you listen to the evidence, you'll find that that's
19 not the case. When you hear the witnesses testify, you will
20 see that that was not the case.

21 It's an unfortunate role that we play as defense
22 attorneys in a criminal case because we have to wait until
23 the government puts his case on. That's just the way it
24 works in America. It's worked for hundreds of years. But I
25 would ask you, members of the jury, to withhold judgment on

1 this case until you've heard the entirety of the evidence.
2 I would ask you to not form an opinion today or tomorrow,
3 certainly not based on the statements of counsel this
4 morning, but to wait until you hear all the evidence.

5 Wait until you see the big picture -- which has
6 now disappeared -- because what you'll see is that Luke Paz
7 pressed 480,000 Fentanyl pills. He has not spent any time
8 in jail. He cut a plea deal.

9 Drew Crandall, still benefiting from drug sales,
10 as I indicated, as late as April 2017, he cut a plea deal.

11 Mario Noble started his own drug marketplace,
12 which failed. He's not in jail. He cut a deal.

13 Ms. Tonge, found with nearly 75,000 Fentanyl
14 pills, she's not in jail. She cut a deal, as did her
15 associate, Ms. Bustin -- by the way, I have their names
16 backwards here -- who also cut a deal. Never went to jail.

17 Mr. Gygi derives substantial income from
18 importation and shipment of illegal narcotics. Not in jail.
19 Middleman between multiple parties. Not in jail. Cut a
20 plea deal.

21 The only person on trial, members of the jury, is
22 Aaron Shamo. The only person who is left standing, if you
23 will, is Aaron Shamo. The reason for that, as you'll see,
24 is that the government decided early on that he was somehow
25 the kingpin of this organization and his head needed to

1 roll.

2 We've told you earlier -- I've told you earlier
3 that he will admit to his conduct here, and we will agree
4 with Mr. Stejskal in our closing that he should be convicted
5 of some of these counts, but not all of them. He didn't
6 have a plea deal, and he was never interviewed by
7 investigators.

8 This is a trial that is scheduled to go about
9 three or four weeks. I believe it could be a little bit
10 less than that. I don't think this trial is going to take
11 that long. I say that because Aaron's owning what he did.
12 And we can flash all the styrofoam or plastic containers in
13 front of you all and bounce them around, but we know what
14 they are. We'll agree to what they are, and we'll agree to
15 how they came into possession of certain individuals. We'll
16 agree how the government got these. But the evidence will
17 not establish, members of the jury, that Aaron Shamo caused
18 the death of another or that he was the organizer, leader,
19 mastermind of this organization. Just the opposite.

20 So please keep an open mind. Keep from forming a
21 final opinion until you hear all the evidence, and that
22 might be a couple of weeks from now. Remember the
23 instructions that the Judge has given, instructions about
24 the presumption of innocence, because in America, in 2019,
25 an accused is presumed innocent until the government

1 establishes proof beyond a reasonable doubt to each and
2 every element of the offense.

3 Keep in mind, as the Judge instructed you this
4 morning and will instruct you again, that the government
5 carries the burden of proof. The defense doesn't have to
6 put on any evidence at all, even though we will. Keep in
7 mind, members of the jury, as the Judge has instructed you
8 and will continue to instruct you, that unless and until you
9 find beyond a reasonable doubt each and every element of
10 those offenses, you have a legal and moral obligation to
11 find Aaron Shamo not guilty. And at the end of the day, at
12 the end of the month, at the end of the trial, that's what
13 the evidence will show.

14 Thank you.

15 (Whereupon, proceedings not transcribed.)

16 THE COURT: Did you say you had something you
17 needed to take up?

18 MR. GADD: Two things.

19 THE COURT: Do we need to wait for the clerk to
20 get back in?

21 MR. GADD: Probably.

22 THE COURT: All right.

23 There she is.

24 Go ahead.

25 MR. GADD: I think the Court probably caught this

1 as opening statements were going on. The Court ruled on a
2 motion in limine back in May where we had asked the Court to
3 preclude the defense from charging comparisons between
4 co-defendants. Much of the defense's opening statement was
5 drawing those comparisons that the Court ruled --

6 THE COURT: I'm looking at your chart, the chart
7 in your exhibit. Do you know what I'm talking about?

8 MR. GADD: Of the people?

9 THE COURT: No. No. I'm looking at the chart
10 about permitted and not permitted.

11 MR. GADD: Yes, sir. Yes, sir. The filed one.

12 THE COURT: Charges permitted. Charges and
13 potential sentences for testifying co-conspirators?

14 MR. GADD: Yes, sir.

15 THE COURT: That's permitted. What are you saying
16 he shouldn't have done?

17 MR. GADD: The comparison is pointing out that
18 they're not charged with other crimes, specifically CCE or
19 the death resulting offense, Count 1 and Count 6.

20 THE COURT: Mr. Skordas.

21 MR. SKORDAS: We're happy to ask each one of them
22 that individually if that's what it's going to take.

23 THE COURT: I'm not sure I understand what you're
24 complaining about.

25 MR. GADD: Yes, sir. I'll try to be more clear.

1 The Court ruled that they could not draw
2 comparisons between Mr. Shamo, who's charged in Count 1 and
3 Count 6, and the other defendants who are not. But since
4 those comparisons have been drawn, I'm asking for a curative
5 instruction. I think we can model it similar to the
6 instruction that we've proposed in the final jury
7 instructions or we tell the jurors now so that they're not
8 laboring under a false impression for the next four weeks,
9 that it's not their role to decide or judge the charges and
10 that they should not draw those comparisons.

11 THE COURT: Mr. Skordas.

12 MR. SKORDAS: Your Honor, our understanding was
13 that it was really sentencing comparisons that we were
14 staying away from, but the government can argue whatever it
15 wants. We were just going through what we believe the facts
16 will be when these individuals each testify. We're entitled
17 to do that. I'd be happy to bring all their attorneys in,
18 if that's what you want, but there was a very clear intent
19 by everybody to avoid those two counts.

20 MR. GADD: The problem there is none of them faced
21 the CCE count. That's why drawing the comparison is
22 impermissible.

23 THE COURT: Well, but you can point that out,
24 can't you, on the testimony?

25 MR. GADD: Yes, certainly. My request is that we

1 have a short instruction now so that the jury doesn't think
2 for the next four weeks, or when we get to the individual
3 cooperators' testimony, that part of what they are supposed
4 to consider is the grand jury's decision on whom to charge
5 with what or to draw comparisons between co-defendants and
6 what charges the grand jury indicted them on.

7 THE COURT: In your own chart -- do you know what
8 I'm talking about? In your own brief --

9 MR. GADD: Yes, sir.

10 THE COURT: -- you say permitted, and I agreed
11 with this, charges and potential sentences for testifying
12 co-conspirators for purposes of impeachment.

13 MR. GADD: Yes, sir.

14 THE COURT: Isn't that what he did? Isn't that
15 permitted?

16 MR. GADD: Yes, that is permitted. It's the
17 inverse that's not permitted.

18 THE COURT: Which is what?

19 MR. GADD: Pointing out what they were not charged
20 with and then drawing comparisons.

21 THE COURT: I don't know that I ruled on that.

22 MR. GADD: I would be happy to take a minute this
23 afternoon when court is adjourned and try to put what I'm
24 trying to say in writing and hopefully make it more clear.

25 THE COURT: All right. So far I don't think he

1 has violated this chart. If I'm wrong, then I'm sure you'll
2 point it out.

3 MR. GADD: The second issue I'd like to address is
4 his contention that the defendant was never interviewed. So
5 I've instructed our agents not to bring up that when they
6 tried to interview the defendant, he invoked his right to
7 remain silent. But by making it a point of contention that
8 was never interviewed, unlike the other co-defendants, we
9 think the jurors need to hear the full story, that he was
10 given the opportunity and refused.

11 THE COURT: They do, don't they, if they tried to
12 interview him and he invoked his right?

13 You said he was never interviewed?

14 MR. SKORDAS: Correct.

15 THE COURT: They say they tried to interview him
16 and couldn't.

17 MR. SKORDAS: Early on. And we tried for three
18 years to interview with them and they wouldn't. So if they
19 want to open that up, let's open the whole thing up. We
20 have been begging them for an interview for three years,
21 Your Honor. I'll testify to that.

22 THE COURT: Mr. Gadd.

23 MR. GADD: We'll have a hard time with an attorney
24 as a witness.

25 THE COURT: Yes. Yeah. We're not going to do

1 that.

2 MR. GADD: I see it as an open door, but because
3 it's a sensitive issue dealing with Fifth Amendment rights,
4 I wanted to bring it up first with the Court to make sure
5 that we were okay to briefly ask our agents if they asked to
6 interview him and if he refused. And we'll try to phrase it
7 such that we don't implicate his constitutional rights.
8 We'll just indicate that he chose not to.

9 THE COURT: If you do that, Mr. Skordas is going
10 to want to bring up through -- I guess Mr. Shamo, if he
11 testifies, and it sounds like he's going to --

12 MR. GADD: If Mr. Shamo has personal knowledge,
13 I'm sure he could testify to that.

14 THE COURT: -- that at some point he wanted an
15 interview.

16 You can do what you said you wanted to do and then
17 you can do what I suggested you could do.

18 MR. GADD: Those were the two things. Thank you,
19 Your Honor.

20 THE COURT: You haven't convinced me on the first
21 thing. You do understand that, right?

22 MR. GADD: Yes, sir. I'll look at it again.

23 THE COURT: All right.

24 Now we're probably looking at five to 12.
25 We'll be in recess.

1 (Recess)

2 THE COURT: Where are we on the fight we ended
3 with?

4 MR. GADD: No further resolution.

5 THE COURT: Were you complaining about what he
6 said during his opening statement or something he's asked a
7 witness?

8 MR. GADD: Just the opening statement.

9 THE COURT: But you didn't object at the time
10 either.

11 MR. GADD: No, sir, chose not to object out of a
12 professional courtesy.

13 THE COURT: But you're not objecting to anything
14 he's asked a witness yet?

15 MR. GADD: I have not made an objection, no.

16 THE COURT: Precisely, again, what do you think he
17 should not have said in his opening statement?

18 MR. GADD: Drawing a comparison between the
19 charges Mr. Shamo faces and those faced by his
20 co-defendants. Charging decisions at their core are made by
21 the grand jury. Mr. Shamo was charged with Count 1, CCE.
22 His other co-defendants weren't. It's not for this jury to
23 try to rejudge what the grand jury did or didn't do.

24 So I fully agree that they can talk about what
25 someone pleaded guilty to and then minimum and maximum

1 sentences as impeachment. It was that next step, drawing
2 the comparison between who got charged in Count 1 and who
3 didn't that I saw as impermissible.

4 THE COURT: Mr. Skordas.

5 MR. SKORDAS: Your Honor, the grand jury, as this
6 Court knows, issues indictments based on evidence presented
7 to it by the United States Attorney's Office. Had they
8 sought an indictment for the CCE count, they would have
9 received that. But they didn't.

10 THE COURT: But isn't it true that we usually
11 don't get into the charging decisions in a trial?

12 MR. SKORDAS: Yes.

13 THE COURT: What would your curative be?

14 MR. GADD: We have a couple Pattern Instructions,
15 the Tenth Circuit Pattern Instructions that I think hit
16 right on this point. And I apologize for not pulling those
17 numbers. They're two of the instructions that we proposed
18 as final instructions. So my thought is maybe this
19 afternoon I could try to draft up something that's neutral
20 but explains to the jury their role and specifically
21 indicates that making those comparisons is not within their
22 role, and then just explaining it to them perhaps tomorrow
23 morning.

24 THE COURT: Well, take a shot at it. And run it
25 by -- I mean send it to him, send it to me. We'll talk

1 about it tomorrow.

2 MR. GADD: Will do. Thank you, sir.

3 THE COURT: Let's get the jury and proceed.

4 (Whereupon, proceedings not transcribed.)

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1 C E R T I F I C A T E
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4 I hereby certify that the foregoing matter is
5 transcribed from the stenographic notes taken by me and is a
6 true and accurate transcription of the same.
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